

15 February 2016

ASX Code: MXC

## Completion of Acquisition

MGC Pharmaceuticals Limited (Company) confirms satisfaction of the conditions precedent and completion of the share purchase agreement between the Company and MGC Pharma (UK) Ltd (MGC Pharma) under which the Company acquired 100% of the shares in MGC Pharma.

As provided for in the share purchase agreement, the Company has subsequently issued:

- a) 200,000,000 fully paid ordinary shares in the Company to the Vendors; and
- b) 100,000,000 performance shares in the Company to the Vendors.

Accordingly, the Company has made the following changes to the Board as at 15 February 2016:

- Mr Nativ Segev has been appointed Managing Director;
- Mr Roby Zomer has been appointed Executive Director and CTO; and
- Dr Ross Walker has been appointed Non-Executive Director.

Mr Brett Mitchell and Mr Nick Castleden remain on the Board as Executive Chairman and Non-Executive Director respectfully and the Company has accepted the resignation of Mr Nick Poll.

### Issue of Prospectus Shares

The Company would like to confirm the completion of the issue of 500,000 shares under the Prospectus dated 18 December 2015.

### Issue of Shares to M+C Partners

The Company would also like to confirm the issue of shares to Media and Capital Partners (or its nominee) as approved by shareholders at the General Meeting on 16 November 2015.

### Reinstatement on the ASX

The Company is currently finalising its reinstatement documentation with the ASX and expects to have its securities recommence trading within the coming week.

An Appendix 3B is attached for the issue of the securities detailed above.

**-Ends-**

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

MGC Pharmaceuticals Ltd

ABN

30 116 800 269

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

1	+Class of +securities issued or to be issued	<ol style="list-style-type: none"> <li>1. Fully Paid Ordinary Shares</li> <li>2. Fully Paid Ordinary Shares</li> <li>3. Fully Paid Ordinary Shares</li> <li>4. Fully Paid Ordinary Shares</li> <li>5. Performance Shares</li> <li>6. Performance Shares</li> </ol>
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	<ol style="list-style-type: none"> <li>1. 60,000,000</li> <li>2. 3,346,700</li> <li>3. 140,000,000</li> <li>4. 500,000</li> <li>5. 30,000,000</li> <li>6. 70,000,000</li> </ol>

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+ See chapter 19 for defined terms.

<p>3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)</p>	<ol style="list-style-type: none"> <li>1. Fully Paid Ordinary Shares – subject to escrow for a period of 24 months from the date of reinstatement to quotation</li> <li>2. Fully Paid Ordinary Shares – subject to escrow for a period of 24 months from the date of reinstatement to quotation</li> <li>3. Fully Paid Ordinary Shares – subject to escrow for a period of 12 months from the date issue</li> <li>4. Fully Paid Ordinary Shares</li> <li>5. Performance Shares - subject to escrow for a period of 24 months from the date of reinstatement to quotation</li> <li>6. Performance Shares - subject to escrow for a period of 12 months from the date issue</li> </ol>
<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>1.-4. Yes</p> <p>5.-6. No – all shares issued upon the vesting of the Performance Shares will rank pari passu with shares</p>
<p>5 Issue price or consideration</p>	<ol style="list-style-type: none"> <li>1. Nil cash – shares issued as consideration for the acquisition of MGC Pharma (UK) Ltd</li> <li>2. Nil cash – shares issued in lieu of cash payment to M+C Partners for services</li> <li>3. Nil cash – shares issued as consideration for the acquisition of MGC Pharma (UK) Ltd</li> <li>4. \$0.02 each</li> <li>5. Nil cash – performance shares issued as consideration for the acquisition of MGC Pharma (UK) Ltd</li> <li>6. Nil cash – performance shares issued as consideration for the acquisition of MGC Pharma (UK) Ltd</li> </ol>

6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<ol style="list-style-type: none"> <li>1. To acquire MGC Pharma (UK) Ltd</li> <li>2. As consideration for services provided</li> <li>3. To acquire MGC Pharma (UK) Ltd</li> <li>4. To provide additional funds as detailed in the Prospectus dated 18 December 2015</li> <li>5. To acquire MGC Pharma (UK) Ltd</li> <li>6. To acquire MGC Pharma (UK) Ltd</li> </ol>
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?  If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	30 November 2015
6c	Number of +securities issued without security holder approval under rule 7.1	Nil
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	<ol style="list-style-type: none"> <li>1. 60,000,000</li> <li>2. 3,346,700</li> <li>3. 140,000,000</li> <li>4. 500,000</li> <li>5. 30,000,000</li> <li>6. 70,000,000</li> </ol> <p>Shareholder approval received on 16 November 2015 for all issues</p>
6f	Number of +securities issued under an exception in rule 7.2	Nil
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A

+ See chapter 19 for defined terms.

6h If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements

N/A
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6i Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements

106,714,987 under rule 7.1 (15% capacity) 71,143,325 under rule 7.1A (10% capacity)
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7 +Issue dates

Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.

Cross reference: item 33 of Appendix 3B.

15 February 2016
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	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	495,086,552	Fully Paid Ordinary Shares
	13,000,000	VHL Ordinary Shares

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	63,346,700	Fully Paid Ordinary Shares – subject to escrow for a period of 24 months from the date of reinstatement to quotation
	140,000,000	Fully Paid Ordinary Shares – subject to escrow for a period of 12 months from the date issue
	30,000,000	Performance Shares – subject to escrow for a period of 24 months from the date of reinstatement to quotation
	70,000,000	Performance Shares – subject to escrow for a period of 12 months from the date of issue
	36,250,000	Unlisted Options exercisable at \$0.025 each on or before 30 June 2017
	11,250,000	Unlisted Options exercisable at \$0.04 each on or before 30 June 2017
	4,000,000	Unlisted Options exercisable at \$0.20 each on or before 30 June 2017
	1,000,000	Unlisted Options exercisable at \$0.30 each on or before 23 January 2018
	500,000	Unlisted Options exercisable at \$0.35 each on or before 23 January 2018
	500,000	Unlisted Options exercisable at \$0.40 each on or before 23 January 2018

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The Company does not have a dividend policy
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## Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A

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+ See chapter 19 for defined terms.

22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Issue date	N/A

## Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of +securities  
(tick one)

(a)  +Securities described in Part 1

(b)  All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional +securities

### Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

39 +Class of +securities for which quotation is sought

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+ See chapter 19 for defined terms.



40	<p>Do the <sup>+</sup>securities rank equally in all respects from the <sup>+</sup>issue date with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional <sup>+</sup>securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	N/A
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41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another <sup>+</sup>security, clearly identify that other <sup>+</sup>security)</p>	N/A
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	Number	<sup>+</sup> Class
42	<p>Number and <sup>+</sup>class of all <sup>+</sup>securities quoted on ASX (including the <sup>+</sup>securities in clause 38)</p>	N/A

## Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: ..... Date: 15 February 2016  
(Company Secretary)

Print name: Rachel Kerr

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+ See chapter 19 for defined terms.

# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid <sup>+</sup> ordinary securities on issue 12 months before the <sup>+</sup> issue date or date of agreement to issue	257,707,934 Ordinary Fully Paid Shares
<b>Add</b> the following: <ul style="list-style-type: none"> <li>• Number of fully paid <sup>+</sup>ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid <sup>+</sup>ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid <sup>+</sup>ordinary securities that became fully paid in that 12 month period</li> </ul> Note: <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	12 March 2015 – 64,426,983 Ordinary Fully Paid Shares 20 May 2015 – 50,000,000 Ordinary Fully Paid Shares 9 July 2015 – 12,032,711 Ordinary Fully Paid Shares 14 July 2015 – 123,418,924 Ordinary Fully Paid Shares 15 February 2016 – 203,846,700 Ordinary Fully Paid Shares
<b>Subtract</b> the number of fully paid <sup>+</sup> ordinary securities cancelled during that 12 month period	Nil
<b>“A”</b>	711,433,252

<b>Step 2: Calculate 15% of "A"</b>	
<b>"B"</b>	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply "A" by 0.15</b>	106,714,987
<b>Step 3: Calculate "C", the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of <sup>+</sup>equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
<b>"C"</b>	0
<b>Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1</b>	
<b>"A" x 0.15</b> <i>Note: number must be same as shown in Step 2</i>	106,714,987
<b>Subtract "C"</b> <i>Note: number must be same as shown in Step 3</i>	0
<b>Total ["A" x 0.15] – "C"</b>	106,714,987 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b> <i>Note: number must be same as shown in Step 1 of Part 1</i>	711,433,252
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10 <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	71,143,325
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of <sup>+</sup> equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <b>Notes:</b> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	0
<b>“E”</b>	0
<b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b>	
<b>“A” x 0.10</b> <i>Note: number must be same as shown in Step 2</i>	71,143,325
<b>Subtract “E”</b> <i>Note: number must be same as shown in Step 3</i>	0
<b>Total [“A” x 0.10] – “E”</b>	71,143,325 <i>[Note: this is the remaining placement capacity under rule 7.1A]</i>